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RUEHCI/AMCONSUL KOLKATA PRIORITY 3918
RUEHGV/USMISSION GENEVA PRIORITY 1937
RUEKJCS/SECDEF WASHDC PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3039
RHEFDIA/DIA WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 002085

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SUBJECT: SOME PROGRESS BUT DEAL FOR CONSTITUENT ASSEMBLY
ELECTION IN NEPAL STILL ELUSIVE

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Classified By: Ambassador Nancy J. Powell. Reasons 1.4 (b/d).

Summary

1. (SBU) On Saturday December 15 the Six-Party Alliance registered a constitutional amendment with the Interim Parliament to eliminate the requirement to hold the Constituent Assembly (CA) election by the end of the Nepali month of Mangsir (which ended December 15), but it would keep the requirement to hold the election this Nepali year (which ends April 12, 2008). Tentative agreements on a new election date and revisions to the electoral system have been announced, but were not included in the amendment. Working groups meeting to address a number of other sensitive issues have not been able to break the deadlock, and until a package deal is reached the amendment will not be passed.

Third Constitutional Amendment Introduced

2. (U) After many rounds of negotiations, on Saturday December 15 leaders of the Six-Party Alliance, Maoists, and the cabinet endorsed the introduction of an amendment to Article 33 (1) of the Interim Constitution. Currently the article states that 'all efforts should be made to hold the Constituent Assembly election by the end of Mangsir, 2064'. (Note: The Nepali month of Mangsir runs from mid-November to mid-December. The Nepali year 2064 runs through April 12, 2008.) The amendment would eliminate the word 'Mangsir' so that elections would still need to be held by the end of the Nepali year. Although the amendment is on the agenda when Parliament resumes Wednesday, discussions are unlikely to proceed far without resolution of a broader package of outstanding issues.

Numerous Issues Still Unresolved

3. (SBU) In its current form the proposed amendment does not address dissatisfaction with the electoral system or specify

a new election date. A tentative deal has been announced by the government which would keep a mixed electoral system, but increase the percentage of proportional seats from 50 to 58 and raise the number of appointed seats from 17 to 26. Retaining 240 first-past-the-post seats, this would lead to 335 proportional seats and 26 nominated seats for a total assembly size of 601. (Note: Making these changes would also require amending Article 63 (3) of the Interim Constitution. End note.) The Maoist leadership has publicly stated that they have not signed off on these revisions, but that may be a negotiating tactic to keep pressure on the government, particularly Nepali Congress, to concede to other Maoist demands. Task forces formed by the Six-Party Alliance and Maoists to address the more contentious issues of integration of the People's Liberation Army (PLA) with the Nepalese Army (NA) and a cabinet reshuffle have been meeting but unable to break the impasse.

Party Leaders Skeptical About Quick Resolution of Impasse

14. (SBU) Jhala Nath Khanal, Standing Committee Member and Chief of the International Department of the Communist Party of Nepal (United Marxist Leninist) (CPN-UML) told Emboff that the decision to hold the CA within this Nepali year is an expression of commitment from the SPA that the CA election will be held. He expected the CPN-UML proposed date of March 18, 2008 would be agreed to by the other parties. He believed that the process of integrating the PLA and NA needed to start prior to the CA election in order to make it clear to all that the Maoists are a civilian political force.

15. (SBU) Chakra Praasad Bastola and Dr. Minendra Rizal, Central Working Committee Members of the Nepali Congress (NC), confirmed that NC was willing to accept March 18 and

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the increase in proportional seats, but until consensus is reached on other issues, the package deal would not move forward. NC would prefer that integration between the PLA and NA involve only a minority of combatants being given the opportunity to join the NA while others would be offered alternate jobs, but difficulties in the Peace and Home Ministries, both controlled by NC, have prevented this. After Bastola's recent visit to the PLA cantonment in Chitwan with the United Nations monitoring team, he thought that many combatants would accept foreign employment, or participation in other job schemes, and are not necessarily looking to join the NA. However, until progress is made on alternative employment options Maoist leadership will keep pressing for full integration.

16. (SBU) Bastola and Rizal viewed a cabinet reshuffle as more problematic than integration. They report Prime Minister Koirala is not prepared to give the Maoists a Senior Deputy Prime Minister position or to reallocate portfolios so that the Maoists control the Defense, Finance, or Home Ministries.

Bastola stated that the CPN-UML is pushing the reshuffle/reallocation at least as hard as the Maoists, and had proposed if reallocation does not take place that a parliamentary committee supervise the work of these NC ministers. They report Koirala rejected that suggestion.

Comment

17. (C) While party leaders have been downplaying any constitutional crisis due to their failure to hold the CA election within the month of Mangsir, they are trying to respond to public demands to hold the CA election. The stalemate which has occurred since the October 5 announcement of the postponement of the November 22 election is showing signs of loosening, at least as far as some progress on electoral date and rules. While in principle most political parties have also agreed to having the Interim Parliament

pass a declaration in support of a republic, to be endorsed and implemented at the first sitting of the CA, specific wording remains an issue. Resolution of a cabinet reshuffle and integration of the army would leave Madhesi issues unaddressed. Political will by party leaders appears to still be lacking, even as many senior political leaders admit that if they are unable to hold the CA election by mid-April the government, and leaders of all parties in the Six-Party Alliance, will have lost their legitimacy.

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